GOVERNMENT OF INDIA
CORPORATE AFFAIRS
LOK SABHA

UNSTARRED QUESTION NO:123
ANSWERED ON:17.10.2008
CORPORATE FRAUDS
Rao Shri Kavuru Samba Siva

Will the Minister of CORPORATE AFFAIRS be pleased to state:

(a) the number of corporate frauds detected during the last three years and their effect on shareholders, creditors, employees and government revenue collection;

(b) the action taken against the companies found involved in such fraudulent practices;

(c) whether the Government proposes to formulate a policy and set up guidelines to enable government agencies to effectively deal with money laundering, auditing and other financial frauds;and

(d) if so, the details thereof?

Answer

THE MINISTER OF CORPORATE AFFAIRS(SHRI PREM CHAND GUPTA)

(a) & (b) The Ministry has referred twenty eight cases to inspectors drawn from the Serious Fraud Investigation Office(SFIO) or otherwise during the last three years for investigations into alleged frauds. The status with regard to progress of investigation of aforesaid cases is at annexure.

The occurrence of fraud may diminish value for the shareholders and increase the risk for the creditors. Action is taken against employees, who are found to be involved in fraudulent action. Wherever corporate fraud is detected concerned revenue authorities are also intimated about the findings of the investigation for taking action as warranted.

(c)& (d) Various Government agencies are taking action as per the existing statutory framework dealing with various types of fraud. The Government reviews the action taken by such agencies from time to time and takes appropriate measures for their effective functioning .